

4.19 The Lender shall have the right to receive, endorse, assign and/or deliver in the name of the Lender or the Borrower any and all checks, drafts and other instruments for the payment of money relating to the Receivables, and the Borrower hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. The Borrower hereby constitutes the Lender or the Lender's designee as the Borrower's attorney with power to endorse the Borrower's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral that may come into the Lender's possession; to sign the Borrower's name on any invoice or bill of lading relating to any of the Receivables, drafts against Customers, assignments and verifications of Receivables and notices to Customers; to send verifications of Receivables to any Customer; to notify the postal authorities to change the address for delivery of mail addressed to the Borrower to such address as the Lender may designate; to sign the Borrower's name on all financing statements or any other documents or instruments deemed necessary or appropriate by the Lender to preserve, protect, or perfect the Lender's interest in the Collateral and to file same; and to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission, nor for any error of judgment or mistake of fact or law, unless done maliciously; this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid.

4.20 The Lender shall not, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof, or for any damage resulting therefrom. The Lender may, without notice or consent from the Borrower, sue upon or otherwise collect, extend the time of payment of, or compromise or settle for cash, credit or otherwise upon any terms, any of the Receivables or any securities, instruments or insurance applicable thereto and/or release the obligor thereon. The Lender is authorized and empowered to accept the return of the goods represented by any of the Receivables, without notice to or consent by the Borrower, all without discharging or in any way affecting the Borrower's liability hereunder.

4.21 So long as the Borrower is not in default in any of the Obligations, inventory subject to the Lender's security interest may be sold by the Borrower in the ordinary course of business, but shall not otherwise be taken or removed from the Borrower's premises.

4.22 In the event of any default by the Borrower in any of the Obligations, or if the Lender should deem itself or its Collateral to be insecure, then inventory subject to the Lender's security interest shall not be sold or taken or removed from the Borrower's premises, except with the Lender's prior written consent and upon substitution of other Collateral in form and amount satisfactory to the Lender in the Lender's sole discretion or upon payment of an amount satisfactory to the Lender to be applied to the Obligations in such order as the Lender, in its sole discretion, may determine.

4.23 The Borrower shall keep and maintain the Equipment in good order and repair at the premises of the Borrower, and shall not move, sell or otherwise dispose of the Equipment without the prior consent of the Lender.

4.24 Equipment shall be and shall remain personal property, and nothing shall affect the character of the Equipment or cause the Equipment to become part of the realty, or prevent the Lender from removing it from the premises on which it is located or to which it may be attached in the event of default hereunder.

V. REPRESENTATIONS, COVENANTS AND WARRANTIES.

The Borrower hereby makes the following representations, covenants and warranties which shall be deemed to be incorporated by reference in each request for a loan and/or advance and other communications by the Borrower to the Lender, and shall be deemed repeated and confirmed with respect to each item of Collateral as it is created or otherwise acquired by the Borrower:

5.1 The execution, delivery and performance hereof are within the Borrower's corporate powers (or, as applicable, partnership, limited partnership, joint venture or other entity powers), have been duly authorized, are not in contravention of law or the terms of the Borrower's Charter, By-Laws or other applicable papers relating to the Borrower's formation or to the conduct of the Borrower's business, or of any indenture, agreement or undertaking to which the Borrower is a party or by which the Borrower is bound.

5.2 With respect to the Collateral, at the time the Collateral becomes subject to the Lender's security interest: (a) the Borrower shall be the sole owner of and fully authorized to sell, transfer, pledge and/or grant a first security interest in each and every item of said Collateral; (b) all documents and agreements shall be true and correct and in all respects they purport to be; (c) all signatures and endorsements that appear thereon shall be genuine and all signatories and endorers shall have full capacity to contract; and (d) none of the transactions underlying or giving rise to the Collateral shall violate any applicable state or federal laws or regulations, and all documents relating to the Collateral shall be legally sufficient under such laws or regulations and shall be legally enforceable in accordance with their terms.

5.3 All recording, filing and other requirements of giving public notice under any applicable law or ordinance have been fully complied with, and the Borrower will from time to time do whatever the Lender may request by way of obtaining, executing, delivering and/or filing financing statements, landlord's or mortgagee's waivers, and other notices and amendments and renewals thereof, and the Borrower will take any and all steps and observe such formalities as the Lender may request, in order to create and maintain a valid first lien upon, pledge of, or paramount security interest in, any and all of the Collateral. All charges, expenses and fees the Lender may incur in filing any of the foregoing, and any local taxes relating thereto, shall be charged to the Borrower's account and added to the Obligations, or, at the Lender's option, shall be paid to the Lender immediately upon demand.

5.4 While this Agreement remains in effect and until payment and performance in full of all of the Obligations, the Lender's interests in the Collateral hereby granted to the Lender shall continue in full force and effect. During such period the Borrower shall not, without the Lender's prior written consent, pledge, sell, assign, transfer, create a security interest in, or encumber or allow to be encumbered in any way, any part of the Collateral to anyone other than the Lender. The Borrower hereby agrees to defend the Lender's interests in the Collateral against any and all persons whatsoever.

5.5 All tax payments are current and will remain so.

5.6 The Borrower is not and shall not be entitled to pledge the Lender's credit on any purchases or for any purpose whatsoever. No portion of any amount loaned and/or advanced hereunder shall be used in any business other than the Borrower's business.

5.7 The Borrower will execute and deliver to the Lender from time to time, upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as the Lender may request, in order that the full intent of this Agreement may be carried into effect.

5.8 All balance sheets, earning statements and other financial data which have been or may hereafter be furnished to the Lender to induce the Lender to enter into this Agreement or otherwise in connection herewith, do or shall fairly represent the Borrower's financial condition as of the dates thereof and/or the results of the Borrower's operations for the periods for which the same are furnished and any material adverse change in such financial condition since the date of such reports shall be disclosed at the time of delivery thereof. The Borrower shall continue to furnish whatever information or reports concerning the Collateral and the Borrower's financial condition that the Lender may request during the term of this Agreement. All other information, reports and other papers and data furnished to the Lender are or shall be, at the time the same are so furnished, accurate and correct in all material respects and complete insofar as completeness may be necessary to give the Lender a true and accurate knowledge of the subject matter.

5.9 Each Customer, to the best of the Borrower's knowledge, is solvent and will continue to be fully able to pay all Receivables on which the Customer is obligated in full when due.